



Quantum Resources Limited

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Quantum Resources Limited

(ASX: QUR)

ASX and Media Release

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Update on LogiTag Acquisition

Quantum Resources Limited (ASX: QUR) (**Quantum** or the **Company**) refers to the share purchase agreement (**SPA**) between Quantum and the vendor of LogiTag Systems Limited (**LogiTag**), under which it was proposed that Quantum would acquire 100% of the issued share capital in LogiTag. The acquisition was subject to due diligence investigations and the satisfaction of certain conditions precedent, including a minimum capital raising condition of \$6 million by 31 March 2016 (**Conditions Satisfaction Date**).

As announced by the Company on 8 April 2016, Quantum has been involved in extensive negotiations with the vendor of LogiTag with a view to securing a formal variation of the terms of the SPA, including a reduction of the minimum capital raising amount of \$6 million and an extension of the Conditions Satisfaction Date.

A key aspect of the parties' negotiations related to striking an appropriate balance between Quantum's objective of minimising dilution to its shareholders, and the need to raise sufficient equity capital to fund the merged entity's stated objectives over the 12-24 month period post completion of Quantum's acquisition of LogiTag. In seeking to achieve this balance, the parties collectively consulted with a number of potential lead managers to the capital raising.

Quantum's discussions with the LogiTag vendor, potential lead managers and its external advisers indicate that the benefits of the LogiTag acquisition that would flow through to its shareholders are likely to be outweighed by the significant dilutionary impact the acquisition and capital raising would have on shareholders' existing interests. Under the circumstances, and having taken into account other potential opportunities to further develop Quantum's existing assets and the funding, certainty and timing of those opportunities, the Board has formed the view that the LogiTag acquisition no longer represents the most favourable transaction for its shareholders.

Accordingly, the Company and the LogiTag vendor have agreed to terminate the SPA, and the Company's proposed acquisition of LogiTag will not proceed. Quantum is advised that LogiTag is now exploring the viability of independently undertaking a potential alternative capital raising transaction which may provide Quantum (or its shareholders) with an equity interest in LogiTag.

The Company's decision to terminate the SPA has been taken after careful consideration and a detailed re-assessment of Quantum's forward strategy in the context of the Board's overriding objective to achieve the best possible outcome for its existing shareholders.

The Company continues to consider approaches from several parties who have variously expressed interest in making a significant investment in the Company to fund the exploration of Quantum's existing mining assets, and/or potential transactions involving the acquisition of assets to complement Quantum's existing mining interests. Early stage discussions have commenced regarding these approaches and are preliminary in nature.

The Company will continue to keep shareholders apprised of updates as soon as is reasonably practicable.

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